

Message Text

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SUBJECT: SILISTRA PROJECT - U.S. GROUP

USDOC FOR BEWT/TDAD/PIGGOT

STATE ALSO FOR EUR/EE

REF: SOFIA 0817

1. GLOBAL SERVICES INTERNATIONAL PRESIDENT J.W. NORDSTROM CALLED ON EMBOFF JUNE 2 WITH INTSEL CORPORATION REPRESENTATIVE S.M. YANKOVITCH TO DISCUSS SILISTRA PROJECT (SEE REFTEL). NORDSTROM, WHOSE FIRM WAS FORMERLY A SUBSIDIARY OF SWIFT AND WAS REFERRED TO IN REFTEL AS GLOBAL ENGINEERING, WAS ALSO IN TOWN TO CARRY ON FINAL NEGOTIATIONS REGARDING A SWINE PROCESSING LINE FOR THE TOLBUKHIN MEAT PROCESSING PLANT.

2. ACCORDING TO NORDSTROM, A US GROUP IS BEING PUT TOGETHER TO BID ON THE SILISTRA PROJECT. GROUPS INCLUDES NUMBER OF LEADING U.S. FIRMS SUCH AS JOHN DEERE AND INTERNATIONAL HARVESTER WHICH WOULD SUPPLY MACHINERY; RALSTON PURINA FOR FEED AND DEKALB FOR SEEDS AND OTHER FACETS OF THE PROJECT; NORTHERN TRUST, A LAND-MANAGEMENT COMPANY, AND FAIRFIELD ENGINEERING OF IOWA. CORN PRODUCTION SYSTEMS (CPS) WAS ONCE PART OF GROUP BUT IS APPARENTLY NOW OUT.

3. WHILE U.S. GROUP IS APPARENTLY PREPARED TO SUPPLY MOST OF EQUIPMENT AND KNOW-HOW REQUIRED, PROBLEM AREA

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MAY ARISE IN FINANCING. GLOBAL IS CHICAGO OUTFIT, AND

FIRST NATIONAL OF CHICAGO, BOTH IN CHICAGO AND WARSAW
BRANCH, HAS BEEN UNENCOURAGING TO DATE. CONTINENTAL BANK
OF CHICAGO HAS APPARENTLY INDICATED THEY COULD GO AS HIGH
AS \$10-15 MILLION, BUT TOTAL PACKAGE WOULD BE OVER \$100
MILLION AND OBVIOUSLY OTHER BANKS WOULD HAVE TO BE DRAWN
INTO PICTURE.

4. ACCORDING HIGH RANKING GOB OFFICIAL TOTAL VALUE OF
SILISTRA PROJECT MAY BE \$500 MILLION. WHILE WE DO NOT
KNOW TOTAL VALUE OF GOB INPUT, IT SEEMS POSSIBLE THAT MORE
THAN ONE GROUP MAY BE ABLE TO PARTICIPATE. NUMBER OF
GROUPS KNOWN TO EMBASSY WHICH MAY SUBMIT BIDS HAS INCREASED
IN RECENT WEEKS. FINNISH AND CANADIAN DIPLOMATIC OFFICIALS
REMAIN CONFIDENT THEIR OWN GROUPS HAVE INSIDE TRACK, AND
RECENT CANADIAN TRADE DELEGATION HAD REPRESENTATIVE FROM
EXPORT DEVELOPMENT CORPORATION IN OTTAWA WHO INDICATED
CANADIANS MAY BE PREPARED TO FINANCE UP TO \$125-150 MILLION
FBT PROJECT. THERE ARE TWO GROUPS PUTTING TOGETHER PACKAGES
IN UK, AND UKG IS APPARENTLY CONSIDERING GUARANTEES FOR
AND FINANCIAL PROJECT. WE UNDERSTAND THERE ALSO MIGHT
BE WEST GERMAN GROUP.

5. AS NEAR AS WE CAN DETERMINE, GOB IS TREATING SILISTRA
PROJECT IN THREE STAGES. FIRST STAGE WOULD BE COMPLETED
WITH ACCEPTANCE BY GOB OF ONE GROUP'S PROPOSAL; THIS
STAGE, AS NORDSTROM PUTS IT, IS "FOR FREE" WITH NO
FINANCIAL REMUNERATION. SECOND STAGE WOULD CONSIST OF
FLESHING OUT DETAILS AND ARRANGING EQUIPMENT AND OTHER
PURCHASES FROM SECONDARY SUPPLIERS, A STAGE AT WHICH
A
NUMBER OF U.S. AND OTHER FIRMS HOPE
TO ENTER INTO

PARTICIPATION. THIRD STAGE WOULD CONSIST OF ACTUAL
CONSTRUCTION AND COMPLETION OF THE PROJECT PLUS BEGINNING
OPERATIONS.

6. COMMENT: THIS PROJECT, HUGE IN SIZE, IS OF GREAT
POTENTIAL INTEREST TO U.S. FIRMS. EMBASSY WOULD SUGGEST
ANY ASSISTANCE WHICH COULD BE GIVEN TO U.S. FIRMS WISHING
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TO PARTICIPATE BE EXTENDED BY USDOC AS FEASIBLE, PARTICULARLY
WITH REGARD TO FINANCING. IN ADDITION, EMBASSY UNDERSTANDS
USDOC HAS BEEN CONSULTING WITH FIRMS INVOLVED IN PUTTING
TOGETHER U.S. GROUP DESCRIBED ABOVE AND WOULD APPRECIATE ANY
ADDITIONAL INFORMATION USDOC MAY HAVE ON PROJECT.

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